

# **TENNESSEE LOCAL DEVELOPMENT AUTHORITY**

**June 9, 2016**

The Tennessee Local Development Authority (the "Authority" or "TLDA") met on Thursday, June 9, 2016, at 1:15 p.m. in the Executive Conference Room, State Capitol, Nashville, Tennessee. The Honorable Tre Hargett, Secretary of State, was present and presided as Vice-Chair.

The following members were also present:

The Honorable Justin Wilson, Comptroller of the Treasury  
 The Honorable David Lillard, State Treasurer  
 Angela Scott, Proxy for Commissioner Larry Martin, Department of Finance and Administration  
 Mr. Pat Wolfe, Senate Appointee  
 Dr. Kenneth Moore, House Appointee

The following member was absent:

The Honorable Bill Haslam, Governor

Recognizing a physical quorum present, Mr. Hargett called the meeting to order.

Mr. Hargett asked for a motion to approve the minutes of April 7, 2016. Mr. Wilson made a motion to approve the minutes, and Mr. Wolfe seconded the motion. The minutes were unanimously approved.

Mr. Hargett recognized Ms. Sandi Thompson, Director of the Office of State and Local Finance (OSLF), to present the next item of business regarding a request from the Anderson County Water Authority (ACWA) to issue revenue bonds in an amount not to exceed \$8,975,000 on parity with its SRF loan. Ms. Thompson stated a request letter from the ACWA was included in the meeting materials and that the OSLF conducted a review to determine that ACWA met the requirements set forth in the loan agreement to issue additional debt payable from the revenues of the system. Ms. Thompson stated that OSLF had determined that ACWA met the requirements, as set forth in a letter to the Authority. (A copy of a letter from the OSLF was included in the meeting materials.) Mr. Hargett made a motion to approve the request. Dr. Moore seconded the motion. Mr. Wilson commented that because the ACWA's proposed debt issuance involved the refinancing of its series 2010 bonds which currently held a superior lien position to the SRF debt, this refunding, even with the approval to issue on parity gave the Authority and the SRF program a higher lien position than it previously had in relation to the refunded debt. Ms. Thompson concurred with his statement. The motion was unanimously approved.

Mr. Hargett recognized Mr. Sherwin Smith from the Tennessee Department of Environment and Conservation's (TDEC) State Revolving Fund (SRF) loan program to present the SRF priority ranking lists for the Clean Water and Drinking Water SRF loan programs. (Mr. Smith provided a copy of each list to the Authority members.) Mr. Smith stated that these lists were for the 2016 fiscal year and will be included with its grant application that will be submitted to the Environmental Protection Agency (EPA). Mr. Smith stated that per the TLDA's request, TDEC had reviewed its priority ranking procedures in regard to breaking ties. Mr. Smith stated a memo had been sent to the TLDA regarding the review and change in procedure. (A memo dated July 23, 2015 noted that in the event of a tie, priority would be given to local governments with smaller populations instead of using alphabetical order.) The lists presented at this meeting reflected revised procedures. Furthermore, Mr. Smith stated that at the encouragement of EPA, TDEC intends to focus on projects that are ready to proceed. However, he stated that TDEC acknowledges that smaller less affluent communities may not be able to proceed quickly and TDEC intends to address such situations appropriately. There was no further discussion and no action was required on this item.

Mr. Hargett stated that the next item of business was consideration for approval of Clean Water SRF loan requests. Mr. Hargett recognized Mr. Smith to present the requests. Because a potential conflict of interest might exist with

one board member, Mr. Hargett asked Mr. Smith to present the two requests from the city of Franklin separate from the other loan requests. Mr. Smith presented the two requests from the city of Franklin.

- Franklin (CG2 2016-367)—Requesting \$1,822,741 for a new SCADA system to encompass the city's water distribution and collection systems and centralized operations at the city's public works facility, as well as, their interconnectivity to the new control systems at the Franklin Water Treatment Plant and the Franklin Water Reclamation Facility; recommended interest rate of 0.89% based on the Ability to Pay Index (ATPI).
- Franklin (SRF 2016-374)—Requesting \$1,677,259 for a new SCADA system to encompass the city's water distribution and collection systems and centralized operations at the city's public works facility, as well as, their interconnectivity to the new control systems at the Franklin Water Treatment Plant and the Franklin Water Reclamation Facility; recommended interest rate of 0.89% based on the Ability to Pay Index (ATPI).

Mr. Smith stated that these loans were companion loans for the same project with a total project cost of \$3.5 million. He noted that loan CG2 2016-357 used up the remaining capitalization grant funds for fiscal year 2012.

Mr. Wilson moved for approval of the loans, and Mr. Lillard seconded the motion. Mr. Hargett asked the Authority members to respond Aye, Nay, or Abstain.

Everyone, except for Dr. Moore, responded Aye. Dr. Moore abstained from the vote. The motion was approved.

Mr. Smith then presented the unobligated fund balance. He stated that the balance was \$174,214,688 as of April 7, 2016. Upon approval of the loan requests to be presented, the funds available for loan obligations would decrease to \$122,487,688. He then described the remaining loan requests:

- Chattanooga (SRF 2016-357)—Requesting \$42,500,000 for Wastewater Treatment Plant (WWTP) improvements (secondary clarifiers upgrade) and collections system rehabilitation (DuPont Sewer Basin and Friars Branch/South Chickamauga Creek Interceptor rehab); recommended interest rate of 1.29% based on the Ability to Pay Index (ATPI).
- Greenbrier (CW5 2016-370)—Requesting \$1,500,000 (\$1,275,000 loan; \$225,000 principal forgiveness) for WWTP upgrades (construction of a Sequencing Batch Reactor (SBR), digester, and effluent filter; add blowers, and replace pumps and controls); recommended interest rate of 0.32% based on the ATPI.
- Greenbrier (SRF 2016-371)—Requesting \$2,227,000 for WWTP upgrades (construction of a SRB, digester, and effluent filter; add blowers, and replace pumps and controls); recommended interest rate of 0.32% based on the ATPI.
- Jackson Energy Authority (CG2 2016-368)—Requesting \$2,000,000 for Green—Inflow/Infiltration (I/I) correction (rehabilitation of approximately 600,000 linear feet of sewer lines); recommended interest rate of 1.25% based on the ATPI.

Mr. Lillard moved for approval of the Clean Water SRF loans, and Mr. Wilson seconded the motion. The motion passed unanimously.

Mr. Hargett stated that the next item of business was consideration for approval of Drinking Water State Revolving Fund (SRF) loan requests. He asked Mr. Smith to present the requests. Mr. Smith first presented the unobligated fund balance. He stated the balance was \$45,464,402 as of April 7, 2016. The balance increased by \$759,472 due to a partial prepayment from the Giles County/ Fairview Utility District. Upon approval of the loan requests to be presented, the funds available for loan obligations would decrease to \$37,448,374. He then described the loan requests:

- Cleveland (DWF 2016-172)—Requesting \$3,725,500 for a new transmission main project consisting of the installation of approximately 27,150 linear feet of 24-inch diameter waterline along Old Charleston Road, beginning at the intersection of Tasso Road heading north to North Lee Highway and continuing of Lauderdale Highway where the waterline will turn east toward Dry Valley Road ending at the Hiwassee Utilities Commission Water Treatment Plant; recommended interest rate of 1.11% based on the ATPI.

- Fayetteville (DWF 2016-175)—Requesting \$5,050,000 for water distribution system improvements; recommended interest rate of 1.12% based on the ATPI.

Mr. Smith stated that although the debt service for the city of Fayetteville was somewhat high, rates were sufficient to repay the loan, and TDEC recommended approval of the loan.

Mr. Hargett moved for approval of the Drinking Water SRF loans, and Mr. Lillard seconded the motion. The motion passed unanimously.

Hearing no further business, Mr. Hargett asked for a motion to adjourn. Mr. Lillard made a motion to adjourn, and Mr. Wolfe seconded the motion. The meeting was adjourned.

Approved on this 14<sup>th</sup> day of July, 2016.

Respectfully submitted,



Sandra Thompson  
Assistant Secretary

